

Tennessee Education Lottery Corporation

FISCAL YEAR 2005 UPDATED PROJECTION

	Actual Through 03/31/05	LOW Projected for April - June 2005	HIGH Projected for April - June 2005	LOW Projected for Fiscal Year 2005	HIGH Projected for Fiscal Year 2005	Fiscal Year 2005 Budget
Gross Revenues	\$ 617,926,000	\$ 196,731,000	\$ 219,409,000	\$ 814,657,000	\$ 837,335,000	\$ 740,476,000
Total Proceeds	\$ 576,465,000	\$ 183,280,000	\$ 203,898,000	\$ 759,745,000	\$ 780,363,000	\$ 693,030,000
Return to Education	\$ 168,335,000	\$ 49,172,000	\$ 55,194,000	\$ 217,507,000	\$ 223,529,000	\$ 210,035,175
% Return	29.2%	26.8%	27.1%	28.6%	28.6%	30.3%
Return to After School Program	\$ 3,815,000	\$ 994,159	\$ 1,113,456	\$ 4,809,159	\$ 4,928,456	\$ 3,800,000
TOTAL FUNDS AVAILABLE FOR EDUCATION	\$ 172,150,000	\$ 50,166,159	\$ 56,307,456	\$ 222,316,159	\$ 228,457,456	\$ 213,835,175
Direct Expenses (As a % of Total Proceeds)						
Prize Expense						
Instant	61.8%	63.0%	63.0%	62.1%	62.1%	58.5%
Cash 3	50.6%	48.4%	48.4%	50.0%	50.0%	50.0%
Powerball	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lotto 5	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Cash 4 (4/17/05 Start Date)	n/a	50.0%	50.0%	50.0%	50.0%	n/a
Retailer Commissions (As a % of Gross Sales)	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Vendor Fees	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%
Non-Direct Expenses (As a % of Total Proceeds)						
Advertising	1.8%	1.4%	1.3%	1.7%	1.7%	2.1%
Other Gaming	0.3%	1.8%	1.6%	0.7%	0.7%	0.8%
Operating & Other	1.9%	2.5%	2.2%	2.1%	2.0%	2.6%

Tennessee Education Lottery Corporation

FISCAL YEAR 2006 UPDATED PROJECTION

	LOW Fiscal Year 2006 Budget	HIGH Fiscal Year 2006 Budget
Gross Revenues	\$ 836,397,000	\$ 860,115,000
Total Proceeds	\$ 780,024,000	\$ 801,627,000
Return to Education	\$ 226,207,000	\$ 232,472,000
% Return	29.0%	29.0%
Return to After School Program	\$ 4,976,000	\$ 5,114,000
TOTAL FUNDS AVAILABLE FOR EDUCATION	\$ 231,183,000	\$ 237,586,000

Growth Estimate of 4% in Net Proceeds
over Fiscal Year 2005

TENNESSEE EDUCATION LOTTERY CORPORATION
REVENUES AND EXPENSES
FY 2005
LOW RANGE PROJECTION

	<u>Actual as of March 31, 2005</u>	<u>Projected April - June</u>	<u>Projected for Fiscal Year 2005</u>
SALES			
INSTANT TICKET SALES	\$441,221,000	\$143,383,000	\$584,604,000
CASH 3	53,535,000	17,311,000	70,846,000
POWERBALL	107,484,000	24,945,000	132,429,000
LOTTO 5-Start Date 8/29/04	15,686,000	6,699,000	22,385,000
CASH 4-Start Date 4/17/05	-	4,393,000	4,393,000
GROSS TICKET SALES	<u>\$617,926,000</u>	<u>\$196,731,000</u>	<u>\$814,657,000</u>
LESS: INSTANT TICKETS AS PRIZES	<u>(44,657,000)</u>	<u>(14,512,000)</u>	<u>(59,169,000)</u>
NET TICKET SALES	<u>\$573,269,000</u>	<u>\$182,219,000</u>	<u>\$755,488,000</u>
OTHER REVENUE	3,196,000	1,061,000	4,257,000
TOTAL PROCEEDS	<u>\$ 576,465,000</u>	<u>\$ 183,280,000</u>	<u>\$ 759,745,000</u>
DIRECT EXPENSES			
PRIZE EXPENSE			
INSTANT TICKET	\$245,195,000	\$81,189,000	\$326,384,000
LESS: UNCLAIMED FROM PRIOR YEAR	(1,538,000)	(511,000)	(2,049,000)
INSTANT TICKET	\$ 243,657,000	\$ 80,678,000	\$ 324,335,000
CASH 3	27,072,000	8,368,000	35,440,000
POWERBALL	53,743,000	12,473,000	66,216,000
LOTTO 5	7,843,000	3,350,000	11,193,000
CASH 4	-	2,197,000	2,197,000
TOTAL PRIZE EXPENSE	<u>\$ 332,315,000</u>	<u>\$ 107,066,000</u>	<u>\$ 439,381,000</u>
RETAILER COMMISSIONS	40,172,000	\$12,787,000	\$52,959,000
VENDOR FEES	12,112,000	3,849,000	15,961,000
TOTAL DIRECT EXPENSES	<u>\$ 384,599,000</u>	<u>\$ 123,702,000</u>	<u>\$ 508,301,000</u>
NON-DIRECT EXPENSES			
ADVERTISING	10,521,000	2,556,000	13,077,000
OTHER GAMING	1,852,000	3,310,000	5,162,000
PERSONNEL SERVICES	8,408,000	3,610,000	12,018,000
OTHER OPERATING	2,750,000	930,000	3,680,000
TOTAL NON-DIRECT EXPENSES	<u>\$ 23,531,000</u>	<u>\$ 10,406,000</u>	<u>\$ 33,937,000</u>
TOTAL EXPENSES	<u>\$ 408,130,000</u>	<u>\$ 134,108,000</u>	<u>\$ 542,238,000</u>
INCOME FROM OPERATIONS	<u><u>\$ 168,335,000</u></u>	<u><u>\$ 49,172,000</u></u>	<u><u>\$ 217,507,000</u></u>
	29.20%	26.83%	28.63%

TENNESSEE EDUCATION LOTTERY CORPORATION
REVENUES AND EXPENSES
FY 2005
HIGH RANGE PROJECTION

	<u>Actual as of March 31, 2005</u>	<u>Projected April - June</u>	<u>Projected for Fiscal Year 2005</u>
SALES			
INSTANT TICKET SALES	\$441,221,000	\$163,739,000	\$604,960,000
CASH 3	53,535,000	17,313,000	70,848,000
POWERBALL	107,484,000	27,265,000	134,749,000
LOTTO 5-Start Date 8/29/04	15,686,000	6,699,000	22,385,000
CASH 4-Start Date 4/17/05	-	4,393,000	4,393,000
GROSS TICKET SALES	<u>\$617,926,000</u>	<u>\$219,409,000</u>	<u>\$837,335,000</u>
LESS: INSTANT TICKETS AS PRIZES	<u>(44,657,000)</u>	<u>(16,572,000)</u>	<u>(61,229,000)</u>
NET TICKET SALES	<u>\$573,269,000</u>	<u>\$202,837,000</u>	<u>\$776,106,000</u>
OTHER REVENUE	3,196,000	1,061,000	4,257,000
TOTAL REVENUE	<u>\$ 576,465,000</u>	<u>\$ 203,898,000</u>	<u>\$ 780,363,000</u>
DIRECT EXPENSES			
PRIZE EXPENSE			
INSTANT TICKET	\$245,195,000	\$92,715,000	\$337,910,000
LESS: UNCLAIMED FROM PRIOR YEAR	(1,538,000)	(511,000)	(2,049,000)
INSTANT TICKET	\$ 243,657,000	\$ 92,204,000	\$ 335,861,000
CASH 3	27,072,000	8,371,000	35,443,000
POWERBALL	53,743,000	13,632,000	67,375,000
LOTTO 5	7,843,000	3,350,000	11,193,000
CASH 4	-	2,197,000	2,197,000
TOTAL PRIZE EXPENSE	<u>\$ 332,315,000</u>	<u>\$ 119,754,000</u>	<u>\$ 452,069,000</u>
RETAILER COMMISSIONS	\$40,172,000	\$14,262,000	\$54,434,000
VENDOR FEES	12,112,000	4,282,000	16,394,000
TOTAL DIRECT EXPENSES	<u>\$ 384,599,000</u>	<u>\$ 138,298,000</u>	<u>\$ 522,897,000</u>
NON-DIRECT EXPENSES			
ADVERTISING	\$ 10,521,000	\$ 2,556,000	\$ 13,077,000
OTHER GAMING EXPENSE	1,852,000	3,310,000	5,162,000
PERSONNEL SERVICES	8,408,000	3,610,000	12,018,000
OTHER OPERATING EXPENSES	2,750,000	930,000	3,680,000
TOTAL NON-DIRECT EXPENSES	<u>23,531,000</u>	<u>10,406,000</u>	<u>33,937,000</u>
TOTAL EXPENSES	<u>\$ 408,130,000</u>	<u>\$ 148,704,000</u>	<u>\$ 556,834,000</u>
INCOME FROM OPERATIONS	<u>\$ 168,335,000</u>	<u>\$ 55,194,000</u>	<u>\$ 223,529,000</u>
	29.20%	27.07%	28.64%